



## MANAGEMENT LETTER POINTS

Lincoln County School District  
Stanford, Kentucky

In planning and performing our audit of the financial statements of the Lincoln County School District for the year ended June 30, 2015, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 13, 2015. This letter does not affect our report dated November 13, 2015, on the financial statements of the Lincoln County School District. The conditions observed are as follows:

### **LINCOLN COUNTY HIGH SCHOOL**

#### **1-15**

Statement of Condition: Instances of lack of segregation of duties in the process of ticket sales.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money. The ticket seller gives the entire ticket to the customer and collects the fee. The ticket taker tears the ticket in half, gives half to the customer, and retains half. The ticket seller and the ticket taker must be two separate people. Both must sign the Requisition and Report of Ticket Sales (F-SA-1) form.

Management Response to the Recommendation: Correct procedures have been shared with Athletic Director and corrections will be made. Ticket seller and ticket taker will be two separate people, ticket stubs will be retained and both people will sign the Requisition and Report of Ticket Sales (F-SA-1) form.

#### **2-15**

Statement of Condition: Purchase Orders are being utilized; however there were several instances of the Purchase Orders being approved after the obligation of funds or purchase being made.

Recommendation for Correction: The person requesting to make a purchase or expend activity funds will prepare a Purchase Request/Order (F-SA-7) and have it approved by the sponsor and

principal. After proper approval, a Purchase Order number shall be issued or an (EPES) Purchase Order generated so the expenditure can be purchased or ordered.

Management Response to the Recommendation: No purchase orders will be issued after purchase of items and it will be shared that staff making purchases without a purchase order will be responsible for payment.

### 3-15

Statement of Condition: The deposit slips do not indicate that a second person is verifying the deposit.

Recommendation for Correction: An employee, or someone other than the person that prepares the deposit slip needs to initial the deposit slip verifying that the amount of the deposit equals the total amount of receipts recorded in the ledger sheets and that the bank validation stamp matches the amount of the deposit slip.

Management Response to the Recommendation: Previous principal verified all deposits and current principal verifies all deposits. Practice must have occurred during period when interim principal was in place.

### 4-15

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: This requirement will be shared with all teachers/coaches and enforced. Money will be turned in the day collected.

### 5-15

Statement of Condition: Credit cards are not being signed out using the Credit Card Sign-In/Out Log (Form F-SA-13).

Recommendation for Correction: Cards may be checked out to individual employees using Credit Card Sign-In/Out Log (Form F-SA-13).

Management Response to the Recommendation: Any credit cards that are signed out will be logged on Credit Card Sign-In/Out Log (Form F-SA-13).

## **FT. LOGAN HIGH SCHOOL**

6-15

Statement of Condition: Receipts are being written to the account or vendor instead of the person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: This has been corrected. Receipts are being written to the person(s) turning in the money.

7-15

Statement of Condition: Lack of segregation of duties in the current process of handling mail.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money and mail. All mail should be sorted and opened by someone other than the school treasurer. If checks are in the mail that is distributed to the school treasurer, the checks shall be recorded in a log or on a Multiple Receipt Form (F-SA-6) by someone other than the school treasurer; then submitted to the school treasurer.

Management Response to the Recommendation: This has been handled. Someone other than the school treasurer is handling the mail. Any checks received in the mail will be turned in to the treasurer with a multiple receipt form.

8-15

Statement of Condition: The Principal is not dating the bank statement after review.

Recommendation for Correction: The Principal should sign and date the front page of the bank statement after a complete review.

Management Response to the Recommendation: Principal has started putting his full signature and dates on bank statements.

## **LINCOLN COUNTY MIDDLE SCHOOL**

9-15

Statement of Condition: The Principal is not dating the bank statement after review.

Recommendation for Correction: The Principal should sign and date the front page of the bank statement after a complete review.

Management Response to the Recommendation: The principal will date the statement after reviewing and signing.

10-15

Statement of Condition: Instances of lack of segregation of duties in the process of ticket sales.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money. The ticket seller gives the entire ticket to the customer and collects the fee. The ticket taker tears the ticket in half, gives half to the customer, and retains half. The ticket seller and the ticket taker must be two separate people. Both must sign the Requisition and Report of Ticket Sales (F-SA-1) form.

Management Response to the Recommendation: There will be a ticket taker assigned with the ticket seller.

#### 11-15

Statement of Condition: Inventory Control Worksheets (F-SA-5) are not being completed monthly on concessions.

Recommendation for Correction: Inventory Control Worksheets (F-SA-5) need to be correctly filled out monthly on all activities that require one. Completed worksheets need to be reviewed by the principal to address significant shortages or overages. After reviewing the worksheets file them with the other financial documents.

Management Response to the Recommendation: Inventory Control Worksheets will be filled out monthly by activities that need them and they will be reviewed.

#### 12-15

Statement of Condition: Fund Raiser Worksheet (F-SA-2B) not being utilized for all fundraising events that require one.

Recommendation for Correction: For each fundraising event, the sponsor responsible for the administration of the fundraiser will fill out the Fund Raiser Worksheet (F-SA-2B). After completion of the fundraiser, the sponsor will submit the completed Fund Raiser Worksheet to the Principal for review. After review, the principal will give the Fund Raiser Worksheet to the school treasurer to file with other financial documents.

Management Response to the Recommendation: When a sponsor conducts a fundraiser they will be given a fundraiser worksheet. They will turn the worksheet in to the principal for review and then the school treasurer will file the worksheet.

#### 13-15

Statement of Condition: Credit cards are not being signed out using the Credit Card Sign-In/Out Log (Form F-SA-13).

Recommendation for Correction: Cards may be checked out to individual employees using Credit Card Sign-In/Out Log (Form F-SA-13).

Management Response to the Recommendation: Credit cards aren't signed in or out however P.O.'s are assigned to Wal-mart and other various places. Our school treasurer will use the credit card sign in /out log effective immediately if credit cards are used.

#### 14-15

Statement of Condition: The Multiple Receipt Form (F-SA-6) is not consistently being used when a teacher or sponsor is collecting money from students.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will insure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: We remind teachers to have students sign the receipt form and make announcements in the morning during big fundraising events. We will make sure that teachers have numerous multiple receipt forms on hand in case a student gives them cash.

### **CRAB ORCHARD ELEMENTARY**

#### 15-15

Statement of Condition: Receipt numbers are not consistently being listed on the deposit slip.

Recommendation for Correction: Receipt numbers must be listed on the deposit slip to determine which receipts are related to each deposit.

Management Response to the Recommendation: The principal will require the bookkeeper to list receipt numbers on the deposit slip. The principal or office designee will view all deposit slips.

#### 16-15

Statement of Condition: Receipts are being written to the account or vendor instead of the person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: The principal will require the bookkeeper or office designee to write receipts to the person who turns the money in and signs the Multiple Receipt Form.

#### 17-15

Statement of Condition: Fund Raiser Worksheet (F-SA-2B) not being utilized for all fundraising events that require one.

Recommendation for Correction: For each fundraising event, the sponsor responsible for the administration of the fundraiser will fill out the Fund Raiser Worksheet (F-SA-2B). After completion of the fundraiser, the sponsor will submit the completed Fund Raiser Worksheet to the Principal for review. After review, the principal will give the Fund Raiser Worksheet to the school treasurer to file with other financial documents.

Management Response to the Recommendation: The principal will require all teachers/sponsors of fundraising events to fill out the Fund Raiser worksheet after completion of fundraising event. The principal will review and give to bookkeeper for appropriate financial documentation.

18-15

Statement of Condition: The Principal is not dating the bank statement after review.

Recommendation for Correction: The Principal should sign and date the front page of the bank statement after a complete review.

Management Response to the Recommendation: The principal will sign and date the front page of each bank statement a complete review. The bookkeeper will give the unopened bank statement to the principal each month.

19-15

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: The principal and bookkeeper will require each teacher/sponsor to turn in to the office (bookkeeper) all monies that are collected that day. Appropriate documentation will accompany monies. The principal will review this procedure at the beginning of each school year.

20-15

Statement of Condition: Purchase Orders are being utilized; however there were several instances of the Purchase Orders being approved after the obligation of funds or purchase being made.

Recommendation for Correction: The person requesting to make a purchase or expend activity funds will prepare a Purchase Request/Order (F-SA-7) and have it approved by the sponsor and principal. After proper approval, a Purchase Order number shall be issued or an (EPES) Purchase Order generated so the expenditure can be purchased or ordered.

Management Response to the Recommendation: All teachers/sponsors will follow the updated Lincoln County purchase order procedures. Copies of the updated procedure will be given to each staff member. This will be discussed and reviewed with the staff before each school year.

21-15

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: The principal and/or bookkeeper will ensure that monies are deposited in a timely manner according to Red Book Law.

#### 22-15

Statement of Condition: Monies spent on staff and faculty (i.e. flowers) paid out of the General Fund activity fund account or an account other than faculty/staff revenue generating activity fund account.

Recommendation for Correction: Ensure that monies generated by the staff/faculty are put into a separate activity account identified as being for the staff/faculty; this allows easy accountability of revenue and expenditure tracking. Only vending machine revenues located in an area that students do not have access to are authorized to be receipted into the faculty/staff activity fund account. Only monies in this account can be used for faculty/staff activities.

Management Response to the Recommendation: The principal and/or bookkeeper will ensure that funds generated by staff will be identified as such.

#### 23-15

Statement of Condition: Instances of receipts not written at the time monies were received by the school treasurer.

Recommendation for Correction: Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received.

Management's Response to the Recommendation: The principal and/or bookkeeper will ensure that receipts are given to the teacher/sponsor at the time the monies are received.

### **HIGHLAND ELEMENTARY**

#### 24-15

Statement of Condition: The Receipt number is not consistently being listed on the Multiple Receipt Form (F-SA-6) when a teacher or sponsor is collecting money from students.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will insure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: This school year ( after RedBook Training) we have started including a receipt number on each multiple receipt form.

25-15

Statement of Condition: Receipts are not being written to the person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: Receipts will be issued to the person signing the multiple receipt form. We do have a question about whether when the principal receives a check from an outside source (ex, Kona Ice, vendors). Is the receipt issued to the principal or to the vendor?

26-15

Statement of Condition: Instances of receipts not written at the time monies were received by the school treasurer.

Recommendation for Correction: Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received.

Management's Response to the Recommendation: Receipts are written to the individual giving the money at the time the monies are received.

27-15

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: Anything that is over \$100 is deposited daily (sometimes in the night Deposit Box). We are not aware of receipts dated for differences in the date of deposit. We would like to know more specifics about this item.

28-15

Statement of Condition: Instances of multiple sources of receipts being combined on one receipt and not writing a receipt to each staff member or source turning in monies.

Recommendation for Correction: Each individual/entity turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

Management's Response to the Recommendation: Each individual turning in money will be given a receipt.



## **HUSTONVILLE ELEMENTARY**

### **29-15**

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: We are going to remind teachers to make sure that they turn in money on the day they receive it. This reminder will go out in the weekly memos to teachers and through email as well.

### **30-15**

Statement of Condition: Receipts are being written to the account or vendor instead of the person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: We are not sure how to fix this or what is not being done correctly

### **31-15**

Statement of Condition: Instances of multiple sources of receipts being combined on one receipt and not writing a receipt to each staff member or source turning in monies.

Recommendation for Correction: Each individual/entity turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

Management's Response to the Recommendation: From this point on we will not combine receipts. We will make sure that all receipts will be individual. This has been discussed with the school bookkeeper.

### **32-15**

Statement of Condition: Lack of segregation of duties in the current process of handling mail.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money and mail. All mail should be sorted and opened by someone other than the school treasurer. If checks are in the mail that is distributed to the school treasurer, the checks shall be recorded in a log or on a Multiple Receipt Form (F-SA-6) by someone other than the school treasurer; then submitted to the school treasurer.

Management Response to the Recommendation: The school attendance clerk will go through the mail and open the checks, create a list of the balance for each check, sign off and give the checks to the bookkeeper to be deposited.

33-15

Statement of Condition: Checks written to the “bank” for change or start-up money.

Recommendation for Correction: All checks for start-up money or change shall be written to the athletic director, sponsor or responsible person.

Management Response to the Recommendation: This has already been done and we are not sure where the problem is. This has been discussed with the bookkeeper.

34-15

Statement of Condition: A gift card was purchased through the activity account and attached receipts were \$64.34 less than the total gift card.

Recommendation for Correction: Purchase of gift cards is not allowed.

Management Response to the Recommendation: This has been discussed with the bookkeeper. She is aware of the incident and knows not to do this. The balance on the gift card will be used and then no further gift cards will be utilized.

**LLOYD MCGUFFEY 6<sup>TH</sup> GRADE CENTER**

35-15

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: This problem has already been addressed at the beginning of the school year. Teachers no longer keep any money in their rooms. They are required to bring all money collected straight to the bookkeeper that morning during first period.

Furthermore, most of the money collected in the mornings is handled by assistants in the lobby & not by our teachers.

36-15

Statement of Condition: The Multiple Receipt Form (F-SA-6) is not consistently being used when a teacher or sponsor is collecting money from students.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will insure that the Multiple Receipt Form (F-SA-6) is properly filled out and

signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: Teachers have become familiar with form (F-SA-6) & they now can fill it out properly & sign it each time money is collected. If they are collecting money for more than one day they are required to make copies of the “Multiple Receipt Form” and turn the money collected in each day along with the form to the bookkeeper.

### **MCKINNEY ELEMENTARY**

#### **37-15**

Statement of Condition: Lack of segregation of duties in the current process of handling mail.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money and mail. All mail should be sorted and opened by someone other than the school treasurer. If checks are in the mail that is distributed to the school treasurer, the checks shall be recorded in a log or on a Multiple Receipt Form (F-SA-6) by someone other than the school treasurer; then submitted to the school treasurer.

Management Response to the Recommendation: I request guidance on who should/would be this person who will get the mail and sort it; the principal?

#### **38-15**

Statement of Condition: The Principal is not dating the bank statement after review.

Recommendation for Correction: The Principal should sign and date the front page of the bank statement after a complete review.

Management Response to the Recommendation: I will date them.

#### **39-15**

Statement of Condition: Instances of receipts not written at the time monies were received by the school treasurer.

Recommendation for Correction: Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received.

Management’s Response to the Recommendation: The Recommendation will be followed.

#### **40-15**

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: My response is to request evidence of this condition.

41-15

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: The Recommendation will be followed.

42-15

Statement of Condition: Credit cards are not being signed out using the Credit Card Sign-In/Out Log (Form F-SA-13).

Recommendation for Correction: Cards may be checked out to individual employees using Credit Card Sign-In/Out Log (Form F-SA-13).

Management Response to the Recommendation: The Recommendation will be followed.

43-15

Statement of Condition: The Multiple Receipt Form (F-SA-6) is not consistently being used when a teacher or sponsor is collecting money from students.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will insure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: The Recommendation will be followed.

44-15

Statement of Condition: Instances of multiple sources of receipts being combined on one receipt and not writing a receipt to each staff member or source turning in monies.

Recommendation for Correction: Each individual/entity turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

Management's Response to the Recommendation: The Recommendation will be followed.

45-15

Statement of Condition: Receipts are not being written to each individual person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: The Recommendation will be followed.

**STANFORD ELEMENTARY**

46-15

Statement of Condition: Receipts are being written to the account or vendor instead of the person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: Previous bookkeeper was accepting the funds, the new bookkeeper is no longer accepting funds, therefore receipts will be written to the person providing money to the bookkeeper.

47-15

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: New bookkeeper has been making deposit daily, unless less than 100.00. Deposits are made at least weekly.

48-15

Statement of Condition: Instances of multiple sources of receipts being combined on one receipt and not writing a receipt to each staff member or source turning in monies.

Recommendation for Correction: Each individual/entity turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

Management's Response to the Recommendation: As a result of assuring that receipts are written to the person turning monies in, the receipts will be written only to the person providing the funds and each receipt will be written to one person only.

49-15

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: Teachers were trained at the beginning of the school year that no money should be stored in their room and it should be turned in on a daily basis. An email was sent on 10/9/15 to reiterate this point.

50-15

Statement of Condition: Purchase Orders are being utilized; however there were several instances of the Purchase Orders being approved after the obligation of funds or purchase being made.

Recommendation for Correction: The person requesting to make a purchase or expend activity funds will prepare a Purchase Request/Order (F-SA-7) and have it approved by the sponsor and principal. After proper approval, a Purchase Order number shall be issued or an (EPES) Purchase Order generated so the expenditure can be purchased or ordered.

Management Response to the Recommendation: We have trained staff to assure that a PO is completed before a purchase is made.

51-15

Statement of Condition: The Principal is not dating the bank statement after review.

Recommendation for Correction: The Principal should sign and date the front page of the bank statement after a complete review.

Management Response to the Recommendation: The principal is now dating bank statements.

52-15

Statement of Condition: Inventory Control Worksheets (F-SA-5) are not being completed monthly on concessions.

Recommendation for Correction: Inventory Control Worksheets (F-SA-5) need to be correctly filled out monthly on all activities that require one. Completed worksheets need to be reviewed by the principal to address significant shortages or overages. After reviewing the worksheets file them with the other financial documents.

Management Response to the Recommendation: F-SA-5 worksheets are now being utilized monthly.

53-15

Statement of Condition: Fund Raiser Worksheet (F-SA-2B) not being utilized for all fundraising events that require one.

Recommendation for Correction: For each fundraising event, the sponsor responsible for the administration of the fundraiser will fill out the Fund Raiser Worksheet (F-SA-2B). After completion of the fundraiser, the sponsor will submit the completed Fund Raiser Worksheet to the Principal for review. After review, the principal will give the Fund Raiser Worksheet to the school treasurer to file with other financial documents.

Management Response to the Recommendation: F-SA-2B is now being used as needed.

54-15

Statement of Condition: The Multiple Receipt Form (F-SA-6) is not consistently being used when a teacher or sponsor is collecting money from students.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will insure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: Multiple receipts are now being utilized consistently.

55-15

Statement of Condition: Receipt numbers are not consistently being listed on the deposit slip.

Recommendation for Correction: Receipt numbers must be listed on the deposit slip to determine which receipts are related to each deposit.

Management Response to the Recommendation: Receipt numbers are now being listed on the deposit slip.

56-15

Statement of Condition: Instances of receipts not written at the time monies were received by the school treasurer.

Recommendation for Correction: Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received.

Management's Response to the Recommendation: School treasurer is now writing receipts at the time that money is received.

57-15

Statement of Condition: Lack of segregation of duties in the current process of handling mail.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money and mail. All mail should be sorted and opened by someone other than the school treasurer. If checks are in the mail that is distributed to the school treasurer, the checks shall be recorded in a log or on a Multiple Receipt Form (F-SA-6) by someone other than the school treasurer; then submitted to the school treasurer.

Management Response to the Recommendation: Treasurer does not have any duties related to mail handling or distribution. All duties relating to mail are now handled by other office personnel and monies received are recorded on the multiple receipts by the person receiving money.

**STANFORD ELEMENTARY CHARITABLE GAMING ACCOUNT**

No conditions.

**WAYNESBURG ELEMENTARY**

58-15

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: All deposits will be taken to the bank the day that there is \$100.00 or more collected. Each deposit will be verified by a second person daily.

59-15

Statement of Condition: Receipts are being written to the account or vendor instead of the person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: All receipts will be written to the person turning in money.

60-15

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.



Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: All money collected will be turned in with appropriate supporting documentation the day that it was collected.

61-15

Statement of Condition: The deposit slips do not indicate that a second person is verifying the deposit.

Recommendation for Correction: An employee, or someone other than the person that prepares the deposit slip needs to initial the deposit slip verifying that the amount of the deposit equals the total amount of receipts recorded in the ledger sheets and that the bank validation stamp matches the amount of the deposit slip.

Management Response to the Recommendation: All deposit slip will be initial by a second party before taken to the bank and the bank validation stamp slip when it comes back from the bank to match up all totaled amounts.

62-15

Statement of Condition: Fund Raiser Worksheet (F-SA-2B) not being utilized for all fundraising events that require one.

Recommendation for Correction: For each fundraising event, the sponsor responsible for the administration of the fundraiser will fill out the Fund Raiser Worksheet (F-SA-2B). After completion of the fundraiser, the sponsor will submit the completed Fund Raiser Worksheet to the Principal for review. After review, the principal will give the Fund Raiser Worksheet to the school treasurer to file with other financial documents.

Management Response to the Recommendation: All fundraisers will have Fund Raiser Worksheet filled out then reviewed and signed by Principal.

63-15

Statement of Condition: Receipts were being written but the original signed receipt is not consistently being given back to the individual turning the monies in.

Recommendation for Correction: Each individual turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

Management's Response to the Recommendation: All receipt will be signed and given back to the person turning in the money.

## SCHOOL-WIDE

### 64-15

Statement of Condition: Prior year student activity money was transferred to district activity money in Fund 1.

Recommendation for Correction: All district activity money should be deposited into a District Activity Account at the school and swept into the District bank account monthly. All student activity money must be deposited into the correct student activity account at the school level. All student activity money must comply with Redbook guidelines.

Management Response to the Recommendation: All money will be transferred to district activity will be sweep to district funds in the month that it was turned in.

## Central Office

### 65-15

Statement of Condition: During our testing of capital assets, we noted the District was using \$1,000 as their capitalization policy.

Recommendation: We would like to recommend the District use KDE's recommendation for a capitalization policy of \$5,000.

Management Response to the Recommendation: Management will consider the auditor's recommendation.

We will review the status of these conditions during our next audit engagement. We have already discussed many of these conditions and suggestions with various District personnel, and we will be pleased to discuss these conditions in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We would like to add that we have seen a tremendous improvement from the previous year throughout all the schools in the area of internal control compliance.

All prior year conditions have been implemented and corrected. Mrs. Karen Hatter, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

*White & Associates PSC*

White & Associates, PSC  
Richmond, Kentucky  
November 13, 2015